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Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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In the Matter of

Amendment of the Commission's)
Rules Regarding Installment Payment) WT Docket No. 97-82
Financing for Personal Communications)
Services (PCS) Licenses)

Reply Comments of Meretel Communications, L.P.

Meretel Communications, L.P., hereinafter referred to as "Meretel," through its general partner Wireless Management Corporation and undersigned counsel, responds to the Second Report and Order and Further Notice of Proposed Rule Making in the Matter of the Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications Services (PCS) Licenses. Meretel submits that the payment alternatives adopted by the Federal Communications Commission ("FCC") in the Second Report and Order do not equitably address the financial crisis faced by C-Block licensees or the preferences intended for such licensees by Congress. C-Block licensees would best be served and the FCC's objectives would be met by reducing the economic cost of C-Block licenses to a level comparable or below what was paid by A-Block and B-Block licensees for their respective licenses. Real economic preferences can only be provided in this way. Such a reduction is available through a variety of options.

I. DEFERRALS

An option rejected by the FCC which would offer a substantial decrease in the economic cost of C-Block licenses is deferral of payments. Deferring payments not only decreases the cost of such

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licenses, but also has the effect of providing more immediate capital for investment in buildout and strategic planning. Such additional capital may in fact bring competition and ultimately, lower prices, to American consumers on a more expedited basis. The FCC should revisit the decision to reject deferral of payments as an alternative for C-Block licensees.

II. PREPAYMENT

Meretel contends that prepayment is only a viable option if the prepayment amount is equal or below that of the price paid for A-Block and B-Block licenses. In addition, the prepayment price should be discounted to account for the net present value of such installment payments. As Chairman Hundt noted in his dissent of the Restructuring Order:

By requiring licensees that elect the option to prepay their licenses at the "nominal" bid price, the plan ignores the time value of money and inflates the effective price paid by the licensees that it purportedly seeks to assist. Put simply, the value of a bid paid out over ten years is significantly less- around 40% less- than that same bid in cash. The FCC's options for C-Block licensees should not penalize licensees who wish to prepay the full amount of their obligation by not taking into consideration the net present value of all installment payments.

III. DOWN PAYMENT

The FCC's decision to not apply the total down payment already paid by C-Block licensees toward the total principal owed by Licensees who elect to disaggregate or prepay is not consistent with the FCC's objective of ensuring equitable treatment of all licensees. Applying the full down payment in each FCC alternative, including a scenario where a licensee surrenders a portion of its licenses but prepays the amount owed on the licenses they retain, provides licensees more capital for buildout of facilities. Every effort should be made by the FCC to encourage licensees to build out in their respective markets. The FCC should not punish licensees for selecting any particular option, but should instead seek to encourage the provisioning of telecommunications service to the American consumer.

IV. CONCLUSION

The FCC has approached this proceeding in the interest of promoting competition and equitable treatment of all licensees. It is Meretel's position that the most equitable approach is to decrease the economic costs of C-Block licenses to amounts comparable to that paid for A-Block and B-Block licenses, preferably through deferral of payments. The economic preference intended by Congress for designated entities can best be preserved with such a reduction. Meretel presents a variety of options to achieve this end and respectfully requests consideration of such

options to remedy the inequities in the C-Block auctioning and payment process.

Respectfully submitted,

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I, Shelley Bryce, hereby certify that a copy of the foregoing "Reply Comments of Meretel Communications, LP " was served by first class, U.S. mail, postage prepaid on this 24th day of November, 1997, to the following parties:


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